Summary of Financial Report for the 2nd Quarter of FY ending March 2020 (Non-Consolidated)

October 30, 2019

Listed Company Name: Japan Tissue Engineering Co., Ltd. Listed Securities Exchange: JQ
Stock Code: 7774 URL http://www.jpte.co.jp
Representative: Masataka Akiyama, President and COO
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(Rounding down to the nearest million yen)

1. Results for the 2nd Quarter of FY2019 (April 1, 2019 to September 30, 2019)

(1) Business Results (% indicate increase / decrease on previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
2nd quarter of FY2019	983	-3.9	-271	—	-269	—	-271	—
2nd quarter of FY2018	1,023	-6.1	-423	—	-418	—	-415	—

	Net income per share	Net income per share, diluted
	yen	yen
2nd quarter of FY2019	-6.68	—
2nd quarter of FY2018	-10.23	—

(2) Financial Condition

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
2nd quarter of FY2019	8,268	7,647	92.5
FY2018	8,751	7,918	90.5

Note: Shareholders' equity 2nd quarter of FY2019: 7,647 million yen FY2018: 7,918 million yen

2. Cash Dividends

	Dividends per share				
	Q1 end	Q2 end	Q3 end	Term end	Annual
	yen	yen	yen	yen	yen
FY2018	—	0.00	—	0.00	0.00
FY2019	—	0.00	———	———	———
FY2019 (Forecast)	———	———	—	0.00	0.00

Note: Revisions to cash dividends this quarter No

3. Forecast for FY2019 (April 1, 2019 to March 31, 2020)

(% indicate increase/decrease on previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
FY2019	3,080	30.6	106	—	112	—	86	—	2.12

Note: Revisions to forecast this quarter No

*Disclaimer regarding appropriate use of forecasts and related points of note

The above-mentioned forecasts are based on the information available on the date of release of these materials and on various assumptions made on the date of release of these materials including uncertain factors and may affect future earnings. Actual operating results may differ significantly from those forecasts as a consequence of various factors.

Japan Tissue Engineering Co., Ltd.
Non-consolidated Financial Statements for 2nd Quarter of FY2019
(April 1, 2019 - September 30, 2019)

(1) Non-consolidated Balance Sheets

(In thousands yen)

	FY2018 As of March 31, 2019	FY2019 Q2 As of September 30, 2019
Assets		
Current assets		
Cash and cash equivalents	5,929,601	5,807,414
Trade notes and accounts receivable	733,806	450,962
Finished goods	124	2,652
Work in process	29,422	39,304
Raw materials and supplies	116,727	129,902
Other	214,520	131,685
Total current assets	7,024,202	6,561,922
Noncurrent assets		
Property, plant and equipment		
Buildings, net	915,788	888,675
Land	582,770	582,770
Other, net	153,334	163,510
Total property, plant and equipment	1,651,892	1,634,956
Intangible assets	18,577	13,007
Investments and other assets	57,261	58,864
Total noncurrent assets	1,727,731	1,706,828
Deferred assets	38	23
Total assets	8,751,972	8,268,774
Liabilities		
Current liabilities		
Trade notes payable	90,415	70,135
Income taxes and enterprise taxes payable	22,043	23,869
Reserve for bonuses	118,558	128,445
Provision for directors' bonuses	5,153	2,135
Other	559,731	360,003
Total current liabilities	795,902	584,589
Noncurrent liabilities		
Reserve for directors' retirement benefits	34,900	34,900
Other	3,046	2,268
Total noncurrent liabilities	37,946	37,168
Total liabilities	833,849	621,757
Net assets		
Shareholders' equity		
Capital	4,958,763	4,958,763
Capital surplus	2,788,763	2,788,763
Retained earnings	170,883	-100,222
Treasury shares	-287	-287
Total shareholders' equity	7,918,123	7,647,017
Total net assets	7,918,123	7,647,017
Total liabilities and net assets	8,751,972	8,268,774

(2) Non-consolidated Statements of Income

(In thousands yen)

	FY2018 Q2 April 1 - September 30, 2018	FY2019 Q2 April 1 - September 30, 2019
Net Sales	1,023,228	983,432
Cost of sales	467,666	530,480
Gross profit	555,561	452,952
Selling, general and administrative expenses	978,663	724,753
Operating income (loss)	-423,101	-271,801
Non-operating income		
Interest income	1,949	1,759
Refunded consumption taxes	1,318	-
Other	2,017	1,020
Total non-operating income	5,285	2,780
Non-operating expenses		
Amortization of stock issuance expenses	35	14
Foreign exchange losses	184	4
Loss on retirement of non-current assets	9	18
Other	40	-
Total non-operating expenses	270	36
Ordinary income (loss)	-418,086	-269,058
Net income(loss) before income taxes	-418,086	-269,058
Income taxes including inhabitants' and enterprise taxes	191	2,172
Income taxes - deferred	-3,001	-124
Total income taxes	-2,810	2,048
Net income (loss)	-415,276	-271,106

(3) Non-consolidated Statements of Cash Flows

(In thousands yen)

	FY2018 Q2 April 1 - September 30, 2018	FY2019 Q2 April 1 - September 30, 2019
Cash flows from operating activities		
Net income(loss) before income taxes	-418,086	-269,058
Depreciation and amortization	57,323	63,055
Increase / decrease in provision for bonuses (-: decrease)	38,792	9,887
Increase / decrease in provision for directors' bonuses (-: decrease)	-2,257	-3,017
Interest and dividends income	-1,949	-1,759
Increase / decrease in trade receivables (-: increase)	51,304	282,843
Increase / decrease in inventory assets (-: increase)	-34,973	-25,585
Increase / decrease in accounts payable (-: decrease)	37,423	-20,280
Increase / decrease in other accounts payable (-: decrease)	-52,055	-87,299
Increase / decrease in accrued consumption taxes (-: decrease)	-2,790	25,841
Other	-45,899	-45,649
Sub-total	-373,168	-71,022
Interest and dividents income received	4,291	1,776
Income taxes (paid) refund	-10,662	8,561
Net cash provided by (used in) operating activities	-379,539	-60,684
Cash flows from investing activities		
Payments into time deposits	-2,000,000	-1,700,000
Proceeds from withdrawal of time deposits	1,900,000	2,000,000
Payments for purchase of tangible fixed assets	2,808	-54,673
Payments for purchase of intangible fixed assets	325	-4,744
Other	867	144
Net cash provided by (used in) investing activities	-95,997	240,725
Cash flows from financing activities		
Repayments of lease obligations	-2,837	-2,228
Purchase of treasury shares	-16	
Net cash provided by (used in) financial activities	-2,853	-2,228
Net increase / decrease in cash and cash equivalents (-: decrease)	-478,390	177,812
Cash and cash equivalents at beginning of period	2,403,808	2,029,601
Cash and cash equivalents at end of period	1,925,417	2,207,414